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PIIN/SIIN DAAE07-01-G-N001/0009

MOD/AMD 12

Name of Offeror or Contractor: GENERAL DYNAMICS LAND SYSTEMS INC.

SECTION A - SUPPLEMENTAL INFORMATION

1. The purpose of this modification is to credit CLIN 0001AA on Delivery Order 0009 in the amount of \$18,931.00 for the following part numbers and quantities that were included on the Contractor's Bill of Material.

Part Number	Quantity	Delivery Order Number	Unit Cost	Total Cost	Accounting Classification
12438214	50	006	\$ 9.00	\$ 450.00	2122033
12438214	4	007	\$ 9.00	\$ 36.00	2112033
12438214	4	003	\$ 9.00	\$ 36.00	2132033
12438235	25	006	\$ 20.00	\$ 500.00	2122033
12438235	2	007	\$ 20.00	\$ 40.00	2112033
12438235	2	003	\$ 20.00	\$ 40.00	2132033
HS9403B-8	7	009	\$ 630.00	\$4,410.00	2122033
12917904	8	006	\$1,100.00	\$8,800.00	2122033
12917916	24	006	\$ 4.00	\$ 96.00	2122033

2. The credit for \$18,931.00 is being placed on CLIN 0001AA of Delivery Order 0009, due to the fact that the quantities from the previous Delivery Orders 003, Delivery Order 006, Delivery Order 007 have already been shipped and due to the small dollar amount to be credited to each individual Delivery Order. Crediting such a small dollar amount would not be cost effective to the Government.

3. The contract obligated amount and the contract value are changed as follows:

Current contract amount:	\$26,093,477.00
Amount of this modification:	(\$ 18,931.00)
New contract value:	\$26,074,546.00

4. As a result of this credit, the price of CLIN 0001AA is decreased by \$18,931.00 from \$26,093,477.00 to \$26,074,546.00. Paged B1 is being deleted and replaced by the attached identically numbered page to reflect decrease in CLIN 0001AA. Page G1 is being deleted and replaced by the attached identically numbered page to show the unit price for the last vehicle to be purchased. The G-page is added to this contract.

5. All other terms and conditions remain unchanged and in full force and effect.

*** END OF NARRATIVE A 012 ***

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Name of Offeror or Contractor: GENERAL DYNAMICS LAND SYSTEMS INC.

ITEM NO	SUPPLIES/SERVICES	QUANTITY	UNIT	UNIT PRICE	AMOUNT
0001AA	<p>SECTION B - SUPPLIES OR SERVICES AND PRICES/COSTS</p> <p><u>14 EACH M1A2 AUT SEP RETROFIT</u></p> <p>CLIN CONTRACT TYPE: Firm-Fixed-Price NOUN: M1A2 SEP RETROFIT TANKS PRON: 472BVS0547 PRON AMD: 06 ACRN: AA AMS CD: 31206453022</p> <p><u>Packaging and Marking</u></p> <p><u>Inspection and Acceptance</u> INSPECTION: Origin ACCEPTANCE: Origin</p> <p><u>Deliveries or Performance</u> DOC SUPPL <u>REL CD MILSTRIP ADDR SIG CD MARK FOR TP CD</u> 001 W56HZV3014D051 Y00000 M 1 <u>PROJ CD BRK BLK PT</u> GGX <u>DEL REL CD QUANTITY DEL DATE</u> 001 3 31-AUG-2004 002 3 30-SEP-2004 003 3 31-OCT-2004 004 3 30-NOV-2004 005 2 31-DEC-2004</p> <p>FOB POINT: Origin</p> <p>SHIP TO: <u>PARCEL POST ADDRESS</u> (Y00000) SHIPPING INSTRUCTIONS FOR CONSIGNEE (SHIP-TO) WILL BE FURNISHED PRIOR TO THE SCHEDULED DELIVERY DATE FOR ITEMS REQUIRED UNDER THIS REQUISITION.</p> <p><u>CONTRACT/DELIVERY ORDER NUMBER</u> DAAE07-01-G-N001/0009</p>	14	EA	\$ ** N/A **	\$ 26,054,546.00

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Name of Offeror or Contractor: GENERAL DYNAMICS LAND SYSTEMS INC.

ITEM NO	SUPPLIES/SERVICES	QUANTITY	UNIT	UNIT PRICE	AMOUNT

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Name of Offeror or Contractor: GENERAL DYNAMICS LAND SYSTEMS INC.

SECTION G - CONTRACT ADMINISTRATION DATA

LINE	PRON/ AMS CD/ <u>ITEM</u> <u>MIPR</u>	<u>ACRN</u>	<u>OBLG STAT/</u> <u>JOB ORD NO</u>	<u>PRIOR AMOUNT</u>	<u>INCREASE/DECREASE</u> <u>AMOUNT</u>	<u>CUMULATIVE</u> <u>AMOUNT</u>
0001AA	472BVS0547 31206453022 A12P30222R47	AA	2 2GAAUS	\$ 26,073,477.00	\$ -18,931.00	\$ 26,054,546.00
				NET CHANGE	\$ -18,931.00	

<u>SERVICE</u> <u>NAME</u>	<u>NET CHANGE</u> <u>BY ACRN</u>	<u>ACCOUNTING CLASSIFICATION</u>	<u>ACCOUNTING</u> <u>STATION</u>	<u>INCREASE/DECREASE</u> <u>AMOUNT</u>
Army	AA	21 22033000025R5R02P31206431E9 S20113	W56HZV	\$ -18,931.00
				NET CHANGE \$ -18,931.00

	<u>PRIOR AMOUNT</u> <u>OF AWARD</u>	<u>INCREASE/DECREASE</u> <u>AMOUNT</u>	<u>CUMULATIVE</u> <u>OBLIG AMT</u>
NET CHANGE FOR AWARD:	\$ 26,093,477.00	\$ -18,931.00	\$ 26,074,546.00

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Name of Offeror or Contractor: GENERAL DYNAMICS LAND SYSTEMS INC.		

SECTION G

CONTRACT ADMINISTRATION DATA

G.1. ADMINISTRATION TACOM (APR 1985)

a. Procuring Contracting Officer (PCO). Pursuant to Paragraph 42.202(b) of the Federal Acquisition Regulation, the PCO has retained performance of the contract administration functions set forth in FAR Paragraphs 42.302(b)(4), (7) through (11) and 42.302(c) and all other approval and directional functions set forth in Sections C through I of this Contract.

b. Administrative Contracting Officer (ACO). The administration of this Contract shall be performed by an ACO designated by the cognizant administration office. The administration of this Contract shall be performed in accordance with Paragraph 42.302(a) of the Federal Acquisition Regulation, and 42.302(b) (1) through (3), (5) and (6), except for changes in the scope of the Contract, which will be made only by the PCO.

G.2. RELEASE OF INFORMATION TACOM (APR 1991)

The contractor shall ensure that he complies with the requirements of Chapter 9 of AR 360-5 dated 31 May 89, Release of Information by Manufacturers, Research Organizations, Educational Institutions Holding Army Contracts, and Other Commercial Entities prior to contemplated release of any procurement information. Approval of the Contracting Officer is required prior to release of any such information. A copy of AR 360-5 may be obtained from web address, <http://contracting.tacom.army.mil>.

G.3. CLIN PRICE CHANGE

G.3.1. The prices of tanks and other deliverables negotiated under this Contract may be changed by ECPs, VECPs, Claims, and Credits. The total CLIN price may be changed by modification to the Contract as a result of one of the described actions. This clause provides the process for incorporating a unit price credit as a result of a change in the CLIN price.

G.3.2. The negotiated unit price for tanks under CLINS 0001AA, will remain unchanged EXCEPT for the last vehicle to be delivered under that CLIN. The following table will be used by the Government and the Contractor to track Unit Price credits under a CLIN. The Contractor will bill the Government for the last tank under each CLIN by using the adjusted unit price listed below. As a result of Performance Based payments, should the Contractor owe the Government, the Contractor will pay the amount owed in accordance with the direction of the Administrative Contracting Officer.

G.3.3. The following table indicates the unit price adjustment due to a decrease in a CLIN amount as described in G.3.1. above. If a CLIN is not listed, then that CLIN's unit price remains at the negotiated unit price.

Modification	\$ Adjustment	SubCLIN	PWD	U/P LAST TANK
12	(\$18,931.00)	0001AA	472BVS0547	\$1,842,108.00

Changes to the prices of tanks as described in G.3.1. above shall apply to the U/P of the last tank of the CLIN to which the funds are deobligated. The last tank is always the last vehicle to be delivered under the CLIN. ECP, VECP, and claim adjustments will be handled separately.

G.4. BOA CLAUSES INCORPORATED BY REFERENCES

G.4.1. General clauses in the Attachment 0001 of BOA DAAE07-01-G-N001, applicable to this Delivery Order are: R1.1, R1.2, R1.3, R1.4, R1.5, R2.1, R2.2.

G.5. PAYMENTS

G.5.1. Performance payments of any type do not apply to the CLINs entitled Damaged or Defective Government Material (CLIN TBD), Packaging, Crating and Handling (CLIN TBD), and Priority Shipment (CLIN TBD).

G.5.2. The Contractor or Government may request a change to Performance Based Payments and/or the payment schedules in Exhibit C as a result of a change in the Scope of Work of the Delivery Order.

G.6. Special Provision Contractor Performance-Based Payments (PBP), ref. FAR 52.232-32 Performance-Based Payments (May 1997)

G.6.1. Overview

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Name of Offeror or Contractor: GENERAL DYNAMICS LAND SYSTEMS INC.

The Government and General Dynamics Land Systems Inc., hereafter referred to as the Contractor, under this Delivery Order intend for the Contractor to retro-fit fourteen (14) M1A2 Abrams tanks to the M1A2 Abrams SEP configuration. This retro-fit shall occur in accordance with the terms of this Delivery Order and Basic Ordering Agreement DAAE07-01-G-N001.

G.6.2. Performance Objectives

The parties have agreed to incorporate Performance Based Payments. The parties have defined two performance objectives. These performance objectives are:

1. Material Paid For.
2. Direct Labor/Equivalent Units Achieved

Each performance objective, payment event, and the method to measure progress are described in the following paragraphs. The schedules, CLINs, ACRN, payment amounts for successful performance are contained in Exhibit C. The Contractor is not authorized payment for meeting a milestone in advance of the planned Milestone.

Exhibit C shows milestones by month. For the purpose of this clause, a month is defined as the Contractor's accounting month.

G.6.2.1. Not UsedG.6.2.2. MATERIAL.

G.6.2.2.1. Material Paid For. Payment for material received at the Contractors plant(s) is a performance measurement. The requirements and payments are provided in Exhibit C.

G.6.2.2.2. A Performance Material Milestone is completed when the Contractor provides verification that he has received and paid for \$696,050.00 (this is an unloaded number without the application of indirect rates) of material from sub-contractors and vendors. The basis for verification shall be the Contractors Check Register plus interdivision and contract transfers as per Schedule 1. In the event a material underrun affects the performance milestone for the last material performance based payment, the Contractor may request that PBP based upon Contractor certification that all material is received. Reference Exhibit C Certifications.

G.6.2.3. DIRECT LABOR.

G.6.2.3.1. The number of equivalent units per plant listed below for the 14 vehicles on contract is 14. Exhibit C provides the performance payment for each monthly milestone earned by plant, which is based on the equivalent units planned for that month at that plant. The Contractor, with its request for performance based payment, shall provide the ACO with the data from the Contractors MRP system that verifies the accomplishment of equivalent units, by plant.

- a. IVO (Imperial Valley Operations)
- b. Tallahassee
- c. Scranton
- d. Muskegon
- e. Anniston Army Depot (ANAD)
- f. Lima Army Tank Plant (LATP) - Plant 1
- g. LATP - Plant 3 Hull Line
- h. LATP - Plant 3 Turret Line
- i. LATP - Plant 3 Marriage thru Test and Adjust

G.6.2.3.2. Equivalent Units. In the Contractors accounting system the direct labor standards necessary to complete one vehicle is one (1) equivalent unit. Each plant, for its portion of the effort to make a single tank, has a number of standard hours and pay points that measure the effort done at that plant. The Contractors Material Resource Planning system tracks the standard hours earned by plant. The Contractor shall break out the data from LATP Plant 3 for the Hull Line, Turret Line, and Marriage thru Test and Adjust. Standard Hours earned will be the basis for determining if a plant has completed an equivalent unit, which is the performance measurement for direct labor. The Contractor shall provide the ACO documentation of equivalent units accomplished based on the Contractors Standardized Land Systems Labor Report. In the event of minor labor reporting anomalies for the last equivalent unit at each plant, the Contractor may request PBP based upon Contractor certification that all units at that plant have been completed. Reference Exhibit C Certifications.

G.6.3. DELIVERIES

G.6.3.1. For each tank that is accepted by the Government, subject to the terms and conditions of the Delivery Order, the Government shall pay the amount given in the Delivery Order Schedule, Section B, liquidated using a liquidation rate of 82.0%.

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Name of Offeror or Contractor: GENERAL DYNAMICS LAND SYSTEMS INC.**G.6.4. CONTRACT REGULATORY REQUIREMENTS**

G.6.4.1. Performance Payment under this provision G.7. is subject to the terms and conditions of the Delivery Order, and FAR 32.1005 and FAR 52.232-32 Performance-Based Payments. (May 1997). In addition, for subcontractors receiving finance payments from the Contractor under this Delivery Order, the following applies.

- (a) Financing payments to subcontractors. Finance payments to subcontractors shall be all financing payments to subcontractors or divisions, if the following conditions are met:
- (1) The amounts included are limited to --
 - (i) The unliquidated remainder of financing payments made; plus
 - (ii) Any unpaid subcontractor requests for financing payments.
 - (2) The subcontract or interdivisional order is expected to involve a minimum of approximately 6 months between the beginning of work and the first delivery, or, if the subcontractor is a small business concern, 4 months.
 - (3) If the financing payments are in the form of progress payments, the terms of the subcontract or interdivisional order concerning progress payments --
 - (i) Are substantially similar to the terms of the clause for any subcontractor that is a large business concern, or that clause with its Alternate I for any subcontractor that is a small business concern;
 - (ii) Are at least as favorable to the Government as the terms of this clause;
 - (iii) Are not more favorable to the subcontractor or division than the terms of this clause are to the Contractor;
 - (iv) Are in conformance with the requirements of FAR 32.504(e); and
 - (v) Subordinate all subcontractor rights concerning property to which the Government has title under the subcontract to the Government's right to require delivery of the property to the Government if --
 - (A) The Contractor defaults; or
 - (B) The subcontractor becomes bankrupt or insolvent.
 - (4) If the financing payments are in the form of performance-based payments, the terms of the subcontract or interdivisional order concerning payments--
 - (i) Are substantially similar to the Performance-Based Payments clause at FAR 52.232-32 and meet the criteria for, and definition of, performance-based payments in FAR Part 32;
 - (ii) Are in conformance with the requirements of FAR 32.504(f); and
 - (iii) Subordinate all subcontractor rights concerning property to which the Government has title under the subcontract to the Government's right to require delivery of the property to the Government if--
 - (A) The Contractor defaults; or
 - (B) The subcontractor becomes bankrupt or insolvent.
 - (5) If the financing payments are in the form of commercial item financing payments, the terms of the subcontract or interdivisional order concerning payments--
 - (i) Are constructed in accordance with FAR 32.206(c) and included in a subcontract for a commercial item purchase that meets the definition and standards for acquisition of commercial items in FAR Part 2 and 12;
 - (ii) Are in conformance with the requirements of FAR 32.504(g); and
 - (iii) Subordinate all subcontractor rights concerning property to which the Government has title under the subcontract to the Government's right to require delivery of the property to the Government if--
 - (A) The Contractor defaults; or
 - (B) The subcontractor becomes bankrupt or insolvent.
 - (6) If financing is in the form of progress payments, the progress payment rate in the subcontract is the customary rate used by the contracting agency, depending on whether the subcontractor is or is not a small business concern.
 - (7) Concerning any proceeds received by the Government for property to which title has vested in the Government under the subcontract terms, the parties agree that the proceeds shall be applied to reducing any unliquidated financing payments by the Government to the Contractor under this contract.
 - (8) If no unliquidated financing payments to the Contractor remain, but there are unliquidated financing payments that the Contractor has made to any subcontractor, the Contractor shall be subrogated to all the rights the Government obtained through the terms required by this clause to be in any subcontract, as if all such rights had been assigned and transferred to the Contractor.
 - (9) To facilitate small business participation in subcontracting under this contract, the Contractor shall provide financing payments to small business concerns, in conformity with the standards for customary contract financing payments stated in Subpart 32.113. The Contractor shall not consider the need for such financing payments as a handicap or adverse factor in the award of subcontracts.

*** END OF NARRATIVE G 001 ***